

**GATEWAY ECONOMIC DEVELOPMENT
CORPORATION OF GREATER CLEVELAND**

**Minutes of a Meeting of the
Board of Trustees**

**Held on February 14, 2018
3:00 o'clock p.m.**

**Offices of
Climaco, Wilcox, Peca & Garofoli Co., L.P.A.
55 Public Square, Suite 1950
Cleveland, Ohio**

There being a quorum present, Mr. Carroll called the meeting to order at approximately 3:00 p.m. Board members Emmanuel Glover and Matt Carroll were present. Board member William Reidy was absent. Also present were Todd Greathouse, Brian Kelly, and Daniella Nunnally of Gateway, as well as Dennis Wilcox and Scott Simpkins as Gateway's General Counsel. Also present was Gateway's Engineering Consultant David Faller. Present from the Indians was Jim Folk, Vice President of Baseball Operations. Present from the public was William Tarter.

Mr. Carroll opened the meeting and asked for approval of the Minutes of the November 15, 2017 meeting. Upon motion made by Mr. Glover, and seconded by Mr. Carroll, the Minutes were unanimously approved 2-0.

Next, the Board heard public comment from William Tarter. He inquired whether Gateway had any conversations with the NBA regarding hosting the NBA All-Star game beyond the 2020 and 2021 All-Star Games, which were recently announced. Mr. Greathouse responded that Gateway has received no responses or inquiries regarding hosting the All-Star game for any year beyond the 2021 All-Star Game and Mr. Wilcox confirmed that he likewise has not heard anything from the Cleveland Cavaliers regarding the All-Star Games beyond the 2021 game.

The Board next heard the Executive Director's report. Mr. Greathouse first reported on Arena Major Capital updates, the first being the roof project. He went through the Major Capital Summary report prepared for the Arena and noted that the \$942,688.43 savings from the Board approved budget on the completed projects will be reallocated to the Arena lower roof project and that with the 2018 expected excise tax funds available for the Arena this should be enough to cover the remaining roof O (administration roof) in Spring 2019. The next Major Capital item will be the telescopic seating platform for which the Cleveland Cavaliers have advanced funds and are awaiting reimbursement. There was a savings of \$236,705 on the telescopic seating platform between the \$3,521,000 budgeted amount, and the \$3,284,795 project cost.

Mr. Greathouse then reviewed the Major Capital Repair request from the Cleveland Cavaliers for HVAC Major Capital Repairs Project. There is a \$5,000,000 pending request to the County for approval for HVAC design and high priority projects. In addition, the Cavaliers past request for

an additional \$22,895,839 for the HVAC replacement, approved by the Board, is pending before the County. The Cavaliers have agreed to proceed and advance the costs and indemnify Gateway for any deficiencies pending the County approval. Mr. Greathouse further stated that the domestic hot water tank replacement project was approved and funded by the County. The project is proceeding and the tanks were lowered through the Arena roof on Monday.

He then stated with regard to the five year Major Capital Plan submitted by the Cleveland Cavaliers, the Cavaliers would like to make a formal request for review and consideration of the vertical transportation, miscellaneous electric and life safety categories. Mr. Greathouse stated he would have Osborn review the information from the Cavaliers and there is currently no need to vote on these as they will be addressed at the next Board meeting.

Mr. Greathouse then gave an update on the Major Capital items at the Ballpark, noting the anticipated savings and reallocations from the sound system, the scoreboard system, concrete resurfacing and suite renovation projects. He stated by the next Board meeting the projects should be closed out and he will know the savings for reallocation which will likely be reallocated to the LED field lights and the elevator project

Next, Mr. Greathouse discussed a new Major Capital Repair request pending Gateway and County approval which is the Cleveland Indians players' parking lot, which needs to be expanded to be compliant with Major League Baseball standards. Mr. Greathouse asked Jim Folk, Vice President of Baseball Operations for the Cleveland Indians, to address the request in more depth. Mr. Folk then explained the enhanced security requirements being imposed by MLB and the need to screen everyone in the player's parking lot before entering the Ballpark. The plan includes building a guard shack in lieu of the current use of a tent and an expansion of the fence line which would, in turn, expand the parking spaces from 50 to about 80 spaces. They would also be enclosing the entire area south of the club lounge and rework the driveway around the area which would also help to expand the current use of the hospitality area. Mr. Greathouse then asked Mr. Wilcox to address whether other MLB ballparks are doing the same. Mr. Wilcox stated that the current lease with the Cleveland Indians provides that if seventy-five percent (75%) of other parks are doing the same or will be doing the same in five years, there is a requirement for Gateway to provide the same. Mr. Wilcox also noted that, as opposed to the Arena, the Ballpark does not have a significant amount of underground parking. Mr. Greathouse then asked Mr. Folk to confirm that the Indians would act as project manager and Mr. Folk stated that they would be managing the project.

Mr. Greathouse then recommended Gateway approve the requested \$950,000 for submission to the City and County for approval. Mr. Carroll asked if the action should be done via motion and Mr. Wilcox then noted that a resolution had been prepared for the Board's consideration. Mr. Carroll then suggested that the resolution also address the \$500,000 requests for the HVAC mechanical data room and the suite balcony flooring.

Mr. Faller then discussed the HVAC mechanical for the data room. Mr. Faller noted that the heat from the cooling units is causing equipment failures in the data room and the suggested fix is to relocate the cooling units outside where they will take in fresh air. Mr. Greathouse also noted that the heat load is also affecting the concessionaires cooling units. Mr. Greathouse then

recommended requesting the \$500,000 for the data room HVAC renovations, which is a continuation of the initial submission in the first ask of \$15,000,000. As for the suite balcony flooring, Mr. Folk confirmed this is part of the initial submission for suite renovations and is to replace carpeting, some of which is the original carpeting from when the Ballpark was built.

Based on the presentation and a motion by Mr. Glover, seconded by Mr. Carroll, the following Resolution 2018-1 was unanimously approved by the Board:

RESOLUTION NO. 2018-1
REGARDING RECOMMENDATION WITH RESPECT TO
REQUEST FOR MAJOR CAPITAL REPAIRS FROM
THE CLEVELAND INDIANS BASEBALL
COMPANY LIMITED PARTNERSHIP

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland (“Gateway”) has agreed to provide for Major Capital Repairs as defined in the Lease (the “Lease”) between Gateway and Cleveland Indians Baseball Company Limited Partnership (the “Cleveland Indians”); and

WHEREAS, the Board of Gateway has previously notified the City of Cleveland, Ohio (“City”) and Cuyahoga County (“County”) that Gateway does not have sufficient funds to pay Major Capital Repairs as defined in the Lease and requested the respective appointing authorities of Gateway, the City and the County, to consider such funding of Major Capital Repairs; and

WHEREAS, on May 9, 2012 the Board adopted Resolution No. 2012-1 setting forth its policies and procedures with respect to Major Capital Repairs (“Policy”); and

WHEREAS, the Cleveland Indians have submitted a request for approval of Major Capital Repairs to the Ballpark under the Lease; and

WHEREAS, the Board has reviewed such request and pursuant to the Policy has received information from its professional consultant recommending approval of such items as Major Capital Repairs; and

WHEREAS, the Gateway Board desires to recommend approval of the Major Capital Repairs request from the Cleveland Indians as further described in Exhibit A attached hereto.

NOW, BE IT RESOLVED, that the Board of Trustees of Gateway, on behalf of Gateway, finds that the requested Major Capital Repairs from the Cleveland Indians for the Ballpark, attached as Exhibit A hereto, are Major Capital Repairs under the Lease and are hereby recommended for approval.

BE IT FURTHER RESOLVED, that this Resolution, including the attached Exhibit A, constitutes Gateway’s recommendation under the Policy and shall be forwarded to the City and the County forthwith and Gateway shall continue to provide information to the City and the County as requested to support this recommendation.

BE IT FINALLY RESOLVED, that the Board respectfully requests the County or City make a decision as to this recommendation no later than March 31, 2018.

Exhibit A

Cleveland Indians Major Capital Requests

• Players Parking Lot & Carnegie Drive	\$ 950,000
• HVAC Mechanical (Data Room)	\$ 500,000
• Suite Balcony Flooring	<u>\$ 50,000</u>
Total	\$ 1,500,000
TOTAL RECOMMENDATION	\$ 1,500,000

* * * *

Next, the financial reports were given by Brian Kelly. He first reviewed the operating account for the month ended January 31st and reported a cash beginning balance of \$600,645, total receipts of \$368,536, total disbursements of \$491,885 for a month-end balance of \$477,297. He then reviewed the Ballpark Capital report for January which had a beginning balance of \$39,868, capital disbursements of \$18,588 for a balance of \$21,280.

He then reviewed the projections from February 1st through April 30th. First, the current account balance is \$477,297, anticipated revenues are \$412,499, for estimated money before disbursements of \$889,796. Operating disbursements are anticipated to be \$762,988, for an estimated balance by April 30th of \$126,808.

Mr. Kelly next provided a Progressive Field alteration account statement. Total receipts for 2017 equal \$2,932,453. Total receipts from 2014 through 2017 equal \$40,729,001.

Mr. Kelly then provided a Quicken Loans Arena major capital spreadsheet. Mr. Kelly reported the total amount approved thus far equals \$26,384,721, while the total paid equals \$22,386,859.

He then provided a Progressive Field major capital account spreadsheet. The total Major Capital amount approved equals \$38,197,965, while the total paid equals \$32,500,118, with total County approved funds at \$32,415,629.

Mr. Kelly then provided the Arena Transformation Project report which is part of the package of material sent to the County and noted the cumulative amount submitted is \$1,470,318. He also noted that, although there had been some thought of payments directly to the vendors from the County, the money will go through Gateway similar to the major capital payments.

Having completed the Agenda business, Mr. Carroll noted that the next meeting is scheduled for May 23, 2018.

Upon motion made by Mr. Carroll, seconded by Mr. Glover, the Board adjourned the meeting at approximately 3:45 p.m.

APPROVED:

Secretary-Treasurer